

## § 1600.36

also apply to refunds of the default employee contributions.

(f) A participant may not receive a refund of default employee contributions made pursuant to § 1600.34(c).

[75 FR 43800, July 27, 2010, as amended at 82 FR 60103, Dec. 19, 2017]

## § 1600.36 Matching contributions.

(a) A participant is not entitled to keep the matching contributions and their associated earnings that are attributable to refunded default employee contributions.

(b) The matching contributions and associated earnings attributable to refunded default employee contributions shall be forfeited to the TSP and used to offset administrative expenses.

## § 1600.37 Notice.

The Board shall furnish all new employees and all rehired employees covered by the automatic enrollment program, and all employees described in paragraph (c) of § 1600.34, covered by the automatic enrollment program a notice that accurately describes:

(a) That default employee contributions equal to 5 percent of the employee's basic pay will be deducted from the employee's pay and contributed to the employee's traditional TSP balance on the employee's behalf if the employee does not make an affirmative contribution election;

(b) The employee's right to elect to not have default employee contributions made to the TSP on the employee's behalf, to elect to have a different percentage or amount of basic pay contributed to the TSP, or to make Roth contributions;

(c) The fund in which the default employee and agency contributions will be invested unless the employee makes a contribution allocation;

(d) The employee's ability (or inability) to request a refund of any default employee contributions (adjusted for allocable gains and losses) and the procedure to request such a refund; and

(e) That an investment in any fund other than the G Fund is made at the employee's risk, that the employee is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor

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the Board guarantees any return on the investment.

[75 FR 43800, July 27, 2010, as amended at 77 FR 26424, May 4, 2012; 80 FR 52173, Aug. 28, 2015; 82 FR 60103, Dec. 19, 2017; 85 FR 57666, Sept. 16, 2020]

## PART 1601—PARTICIPANTS' CHOICES OF TSP FUNDS

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1601.40 Lifecycle Funds.

AUTHORITY: 5 U.S.C. 8351, 8432d, 8438, 8474(b)(5) and (c)(1).

SOURCE: 66 FR 22093, May 2, 2001, unless otherwise noted.

### Subpart A—General

#### § 1601.1 Definitions.

(a) Definitions generally applicable to the Thrift Savings Plan are set forth at 5 CFR 1690.1.

(b) As used in this part:

*Acknowledgment of risk* means an acknowledgment that any investment in a TSP Fund other than the G Fund is made at the participant's risk, that the participant is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor the Board

guarantees any return on the investment.

[68 FR 35495, June 13, 2003, as amended at 70 FR 32207, June 1, 2005]

### Subpart B—Investing Future Deposits

SOURCE: 68 FR 35495, June 13, 2003, unless otherwise noted.

#### § 1601.11 Applicability.

This subpart applies only to the investment of future deposits to the TSP's TSP Funds, including contributions, loan payments, and transfers or rollovers from traditional IRAs and eligible employer plans; it does not apply to redistributing participants' existing account balances among the TSP Funds, which is covered in subpart C of this part.

[68 FR 35495, June 13, 2003, as amended at 70 FR 32207, June 1, 2005]

#### § 1601.12 Investing future deposits in the TSP Funds.

(a) *Allocation.* Future deposits in the TSP, including contributions, loan payments, and transfers or rollovers from traditional IRAs and eligible employer plans, will be allocated among the TSP Funds based on the most recent contribution allocation on file for the participant.

(b) *TSP Funds availability.* All participants may elect to invest all or any portion of their deposits in any of the TSP Funds.

[70 FR 32207, June 1, 2005]

#### § 1601.13 Elections.

(a) *Contribution allocation.* Each participant may indicate his or her choice of TSP Funds for the allocation of future deposits by using the TSP website or the ThriftLine, or by completing and filing the appropriate paper TSP form with the TSP record keeper in accordance with the form's instructions. The following rules apply to contribution allocations:

(1) Contribution allocations must be made in one percent increments. The sum of the percentages elected for all of the TSP Funds must equal 100 percent;

(2) The percentage elected by a participant for investment of future deposits in a TSP Fund will be applied to all sources of contributions and transfers (or rollovers) from traditional IRAs and eligible employer plans. A participant may not make different percentage elections for different sources of contributions;

(3) The following default investment rules shall apply to civilian participants:

(i) All deposits made on behalf of a civilian participant enrolled prior to September 5, 2015 who does not have a contribution allocation in effect will be invested in the G Fund. A civilian participant who is enrolled prior to September 5, 2015 and subsequently rehired on or after September 5, 2015 and has a positive account balance will be considered enrolled prior to September 5, 2015 for purposes of this paragraph; and

(ii) All deposits made on behalf of a civilian participant first enrolled on or after September 5, 2015 who does not have a contribution allocation in effect will be invested in the age-appropriate TSP Lifecycle Fund;

(iii) A civilian participant enrolled prior to September 5, 2015 who elects for the first time to invest in a TSP Fund other than the G Fund must execute an acknowledgement of risk in accordance with § 1601.33;

(4) The following default investment rules shall apply to uniformed services participants:

(i) All deposits made on behalf of a uniformed services participant who first entered service prior to January 1, 2018, has not elected to be covered by BRS, and does not have a contribution allocation in effect will be invested in the G Fund;

(ii) All deposits made on behalf of a uniformed services participant who first entered service on or after January 1, 2018 and who does not have a contribution allocation in effect will be invested in the age-appropriate TSP Lifecycle Fund;

(iii) If a uniformed services participant makes an election to be covered by BRS as described in 5 CFR 1600.14 and does not have a contribution allocation in effect at the time of the election, then all deposits made after the date of such election will be invested in

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the age-appropriate TSP Lifecycle Fund. Deposits made prior to the date of the election will remain invested in the G Fund.

(iv) A uniformed services participant who first entered service prior to January 1, 2018 and has not made an election to be covered by the BRS who elects for the first time to invest in a TSP Fund other than the G Fund must execute an acknowledgement of risk in accordance with § 1601.33;

(5) Once a contribution allocation becomes effective, it remains in effect until it is superseded by a subsequent contribution allocation or the participant's account balance is reduced to zero. If a rehired participant has a positive account balance and a contribution allocation in effect, then the participant's contribution allocation will remain in effect until a new allocation is made. If, however, the participant (other than a participant described in paragraph (a)(4)(i) of this section) has a zero account balance, then the participant's contributions will be allocated to the age-appropriate TSP Lifecycle Fund until a new allocation is made.

(b) *Effect of rejection of contribution allocation.* If a participant does not correctly complete a contribution allocation, the attempted allocation will have no effect. The TSP will provide the participant with a written statement of the reason the transaction was rejected.

(c) *Contribution elections.* A participant may designate the amount or type of employee contributions he or she wishes to make to the TSP or may stop contributions only in accordance with 5 CFR part 1600.

[82 FR 60103, Dec. 19, 2017]

## Subpart C—Redistributing Participants' Existing Account Balances (Interfund Transfers)

SOURCE: 68 FR 35495, June 13, 2003, unless otherwise noted.

### § 1601.21 Applicability.

This subpart applies only to interfund transfers, which involve redistributing participants' existing account balances among the TSP Funds; it does not apply to the investment of

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future deposits, which is covered in subpart B of this part.

[68 FR 35495, June 13, 2003, as amended at 70 FR 32208, June 1, 2005]

### § 1601.22 Methods of requesting an interfund transfer.

(a) Participants may make an interfund transfer using the TSP Web site or the ThriftLine, or by completing and filing the appropriate paper TSP form with the TSP record keeper in accordance with the form's instructions. The following rules apply to an interfund transfer request:

(1) Interfund transfer requests must be made in whole percentages (one percent increments). The sum of the percentages elected for all of the TSP Funds must equal 100 percent.

(2) The percentages elected by the participant will be applied to the balances in each source of contributions and to both tax-deferred and tax-exempt balances on the effective date of the interfund transfer.

(b) An interfund transfer request has no effect on deposits made after the effective date of the interfund transfer request; subsequent deposits will continue to be allocated among the investment funds in accordance with the participant's contribution allocation made under subpart B of this part.

(c) If an interfund transfer is found to be invalid pursuant to § 1601.34, the purported transfer will not be made. The TSP will provide the participant with a written statement of the reason the transaction was rejected.

[70 FR 32208, June 1, 2005, as amended at 80 FR 52174, Aug. 28, 2015]

## Subpart D—Contribution Allocations and Interfund Transfer Requests

### § 1601.31 Applicability.

This subpart applies both to contribution allocations made under subpart B of this part and interfund transfers made under subpart C of this part.

### § 1601.32 Timing and posting dates.

(a) *Posting dates.* The date on which the TSP processes or posts a contribution allocation or interfund transfer request (transaction request) is subject

to a number of factors, including some that are outside of the control of the TSP, such as power outages, the failure of telephone service, unusually heavy transaction volume, and acts of God. These factors also could affect the availability of the TSP Web site and the ThriftLine. Therefore, the TSP cannot guarantee that a transaction request will be processed on a particular day. However, the TSP will process transaction requests under ordinary circumstances according to the following rules:

(1) A transaction request entered into the TSP record keeping system by a participant who uses the TSP Web site or the ThriftLine, or by a TSP Service Office participant service representative at the participant's request, before 12 noon eastern time of any business day, will ordinarily be posted that business day. A transaction request entered into the system at or after 12 noon eastern time of any business day will ordinarily be posted on the next business day.

(2) A transaction request made on the TSP Web site or the ThriftLine on a non-business day will ordinarily be posted on the next business day.

(3) A transaction request made on a paper TSP form will ordinarily be posted under the rules in paragraph (a)(1) of this section, based on when the TSP record keeper enters the form into the TSP system. The TSP record keeper ordinarily enters such forms into the system within 24 hours of their receipt.

(4) In most cases, the share price(s) applied to an interfund transfer request is the value of the shares on the date the relevant transaction is posted. In some circumstances, such as error correction, the share price(s) for an earlier date will be used.

(b) *Limit.* There is no limit on the number of contribution allocation requests. A participant may make two unrestricted interfund transfers (account rebalancings) per account (e.g., civilian or uniformed services), per calendar month. An interfund transfer will count toward the monthly total on the date posted by the TSP and not on the date requested by a participant. After a participant has made two interfund transfers in a calendar month, the participant may make addi-

tional interfund transfers only into the G Fund until the first day of the next calendar month.

[70 FR 32208, June 1, 2005, as amended at 72 FR 73252, Dec. 27, 2007; 73 FR 22057, Apr. 24, 2008; 75 FR 68169, Nov. 5, 2010]

#### **§ 1601.33 Acknowledgment of risk.**

(a) Uniformed services participants who first entered service prior to January 1, 2018 and who have not elected to be covered by BRS and civilian participants who enrolled prior to September 5, 2015 must execute an acknowledgment of risk in order to invest in a TSP Fund other than the G Fund. If a required acknowledgment of risk has not been executed, no transactions involving the fund(s) for which the acknowledgment is required will be accepted.

(b) The acknowledgment of risk may be executed in association with a contribution allocation or an interfund transfer using the TSP Web site, the ThriftLine, or a paper TSP form.

[70 FR 32208, June 1, 2005, as amended at 80 FR 52174, Aug. 28, 2015; 82 FR 60103, Dec. 19, 2017]

#### **§ 1601.34 Error correction.**

Errors in processing contribution allocations and interfund transfer requests, or errors that otherwise cause money to be invested in the wrong investment fund, will be corrected in accordance with the error correction regulations found at 5 CFR part 1605.

[66 FR 22093, May 2, 2001. Redesignated at 70 FR 32208, June 1, 2005]

### **Subpart E—Lifecycle Funds**

#### **§ 1601.40 Lifecycle Funds.**

The Executive Director will establish TSP Lifecycle Funds, which are target date asset allocation portfolios. The TSP Lifecycle Funds will invest solely in the funds established by the TSP pursuant to 5 U.S.C. 8438.

[70 FR 32208, June 1, 2005]

## **PART 1603—VESTING**

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1603.2 Basic vesting rules.

1603.3 Service requirements.